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DEPARTMENT OF STATE

Washington, D.C. 20520

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NSC UNDER SECRETARIES COMMITTEE

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NSC-U/DM-137B

August 16, 1976

TO: The Deputy Secretary of Defense
The Assistant to the President for
National Security Affairs
The Director of Central Intelligence
The Chairman of the Joint Chiefs of Staff
The Deputy Secretary of the Treasury
The Under Secretary of Commerce
The Under Secretary of Health, Education
and Welfare
The Under Secretary of Transportation
The Special Trade Representative
The Chairman, Council on Environmental
Quality
The Administrator, Environmental Protection
Agency
The Director, Arms Control and Disarmament
Agency
The Director, National Science Foundation
The Director, United States Information
Agency
The Acting Executive Director, Council on
International Economic Policy

SUBJECT: Third Quarterly Report on Implementation
of the Final Act of the Conference on
Security and Cooperation in Europe (CSCE)

The Chairman has forwarded the attached Memorandum
to the President. A copy is provided for your
information.


Rutherford M. Poats
Acting Staff Director

Attachment:

As stated

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State Dept. review completed

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THE DEPUTY SECRETARY OF STATE
WASHINGTON

NSC UNDER SECRETARIES COMMITTEE

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NSC-U/DM-137B

August 16, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Third Quarterly Report on Implementation
of the Final Act of the Conference on
Security and Cooperation in Europe (CSCE)

This is the third quarterly report submitted by the NSC Under Secretaries Committee on implementation of the provisions of the Final Act of the Conference on Security and Cooperation in Europe (CSCE). It covers the period February 1 - April 30, 1976, and reports those actions related to the CSCE which have been taken since the end of the last reporting period.

Implementation continues to be an extended form of negotiation on East-West lines, with each side seeking to establish its interpretation of the provisions of the Final Act and to position itself advantageously for the follow-up meetings scheduled to begin in Belgrade in June 1977. The approach of East and West to this broad negotiation clarified during the reporting period as CSCE participant states began to think more actively about the Belgrade meetings and to relate those meetings to their present actions.

The Soviet Union and its allies have acted along predictable lines. The Soviets have continued to take modest steps to implement a few of the provisions of the Final Act, albeit at a slower pace than in the last quarter. They have also displayed heightened sensitivity to charges that

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they are giving short shrift to Basket III. At the same time they are attempting to deflect criticism by going over to the offensive in four areas: polemical-style criticism of the West for its alleged failures in implementing Final Act provisions; reinterpretation of the document to suit their own negotiating positions and Communist ideology; exaggeration of their own implementation efforts; and an attempt to shift the focus of public attention away from the concept of implementation toward the idea of the CSCE process as part of a developing and progressing trend in European relations set in motion by the Soviets' so-called Peace Program. The Eastern European states, whose internal policies on humanitarian and information subjects vary but are generally somewhat less severe than those of the USSR, have, with the exception of Romania, followed the Soviet lead in their positions on CSCE issues.

Neither the Soviet Union nor its Eastern allies took any significant new implementation steps during the reporting period, but modest progress was registered in a few areas. There was a marked increase in emigration from the USSR to the US which appears to be continuing, though this was probably a function of various pressures in addition to the CSCE. Soviet Jewish emigration was up slightly in comparison to last year's levels, though it remains far below the 1972-1973 peak reached before the Jackson-Vanik amendment was passed. Greatly increased emigration by ethnic Germans from the USSR is largely due to bilateral FRG-Soviet considerations. Similar emigration from Poland to the FRG is primarily due to the recent Polish-FRG emigration/credits treaty, although FRG officials state that the CSCE made it possible to reach an agreement. The Soviet Union continued to comply with the Final Act's Confidence Building provisions on major military maneuvers through notification, shortly after the end of the reporting period, of a 25,000 troop maneuver held near Leningrad, to which the USSR invited observers from countries in the immediate area. Some progress was also made on increasing the number of direct contacts between US and Soviet institutions, but

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our own ability to follow-up on opportunities continued to be limited by lack of funds. A Soviet dissident group has been formed to monitor the Soviet Government's compliance with CSCE provisions, especially those relating to human rights. Slower implementation progress during the reporting period may reflect Moscow's intention to husband possible further implementation steps until the months leading up to the Belgrade meetings next year.

Soviet and Eastern European efforts to take the offensive on CSCE implementation have been carried out principally through a broad program of propaganda supporting official government statements and initiatives pursued bilaterally and in multilateral forums. The Soviets have also taken a more polemical posture in our previously businesslike private bilateral exchanges. They have advanced interpretations of the CSCE provisions which often do not accord with the language of the Final Act or its negotiating history. The views they have expressed on the legal nature of the Final Act, on several principles, such as inviolability of frontiers and non-intervention in internal affairs, and on a variety of issues relating to Basket III, all demonstrate this tendency to reinterpret and to distort the significance of the Final Act. When it serves their purpose the Soviets have suggested that the principle of reciprocity, which is mentioned in the Final Act only in relation to a few specified points, extends to all of Basket III. More specifically, they have alleged that the provisions of Basket III impose restraints on the activities of journalists and radio broadcasting stations. For example, the Soviet Foreign Ministry Press Chief said in an interview that "the decisions of the Helsinki Conference . . . call upon journalists to promote through their profession and skill the creation of a genuine atmosphere of respect and trust among peoples," which is in contradiction to the Final Act commitment that governments should "facilitate the freer and wider dissemination of information of all kinds." In their complaints about our refusal of visas to Soviet trade union leaders the Soviets have claimed that we are violating Final Act provisions, although there are no specific references

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to trade union exchanges in the Final Act. In fact we carefully eliminated such references during the CSCE negotiations so as to avoid any basis for the charges the Soviets are now making.

The Soviets have played up examples of their own implementation, even when these do not derive directly from the CSCE. They have stressed Brezhnev's grandiose proposal for conferences on transportation, energy and the environment, their announcement of two major military maneuvers and invitations to observers, and the procedural changes on journalists' visas and on emigration applications, which were covered in previous reports. They have also stressed the large amount of Western cultural material used in the USSR and Eastern Europe, in comparison with Soviet and East European material used in the West. At the same time, the Soviets have accused the West of neglecting implementation in these areas, largely on the grounds that there should be strict reciprocity in exchanges of cultural material between states. They have also claimed that the Final Act was not widely circulated in the West and have focused on specific incidents in which they allege the CSCE has been ignored, such as our visa policies and alleged interference in the Italian political campaign. These themes have increasingly been incorporated into Soviet responses to our demarches to them on CSCE implementation. The most recent Soviet response was couched in a significantly sharper and more accusatory tone.

In fact, the US implementation record is generally excellent. Among several recent US implementation activities were meetings between government and publishing industry representatives to discuss implementation of CSCE provisions relating to books. We believe that our emphasis on patient and persistent efforts toward meaningful implementation remains the most valid approach to the Conference and its results. However, the application of US laws concerning visas and the possibility that our consular fees may be raised could make us vulnerable to criticism for failure to carry out the CSCE provisions faithfully.

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and thus give the Soviets a pretext for non-compliance and render it difficult for us to press for maximum implementation. We are also forced to forego opportunities for broadening cultural exchanges because of the reduced availability of funds from private and government sources.

The US and other Western countries have maintained their insistence on the need for meaningful implementation of the Final Act, and implementation remains the central theme of the Western approach to the post-Helsinki period. We understood from the outset that the CSCE would not lead to a fundamental transformation of the internal structure of communist governments, and that patient efforts would be required to bring about implementation of the commitments contained in the document signed in Helsinki. This has been the rationale underlying our bilateral approaches to the Soviet Union and other East European countries where we have sought to use the CSCE provisions in support of our broad foreign policy goals.

In addition to our bilateral approaches, we have worked in multilateral forums such as the ECE to focus on certain specific areas where early implementation is possible. In all our activities we have stressed that the degree to which the CSCE has been implemented will be a key factor in the development of our approach to the Belgrade follow-up meetings at which a review of implementation will take place. In pursuing our efforts, we have continued a pattern of close consultation with our Allies in order to maintain the essential Western unity which made a successful CSCE possible.

With one year remaining before the Belgrade meetings, CSCE countries have begun to look ahead and to prepare for them. Consultations among CSCE participants have already begun, initially among the neutral states which have the deepest interest in a continuing follow-up mechanism of some kind. The follow-up meetings offer useful leverage in our efforts to encourage implementation. Since the CSCE was originally a Soviet proposal, the Soviets retain an overall interest in making the Final Act

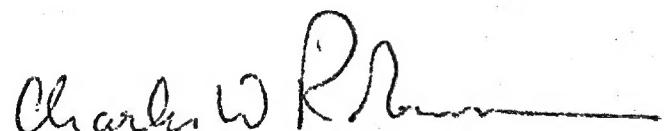
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of the Conference a document of historical significance. They are well aware that the Final Act is viewed with great skepticism in the West and that Western acceptance of the value of the CSCE depends on the performance of the USSR and its allies in the area of freer movement of people and ideas. We have been using these factors to encourage Soviet compliance.

A joint Legislative-Executive Commission to monitor the results of the CSCE has been established as the result of a Congressional initiative. This Commission, the legislation for which you signed into law on June 3, has the responsibility not only for monitoring implementation actions, but also for encouraging programs and activities to implement the Final Act.

Deep skepticism remains regarding Soviet intentions to carry through on their commitments in any significant way. We continue to press the Soviets and the Eastern European states for meaningful implementation of the Final Act as the key to developing positive US attitudes toward the CSCE and a more favorable climate for US-Soviet relations.



Charles W. Robinson
Chairman

Attachment:

CSCE report

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THIRD QUARTERLY REPORT ON IMPLEMENTATION
OF THE FINAL ACT OF THE CONFERENCE ON
SECURITY AND COOPERATION IN EUROPE (CSCE)

February 1, 1976 - April 30, 1976

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A. QUESTIONS RELATING TO SECURITY IN EUROPE.

1. Declaration on Principles Guiding Relations
between Participating States.

A key feature of the reporting period was the new exchange of views on CSCE implementation between the US and the USSR which revealed sharply differing attitudes toward and interpretation of the Final Act. A US demarche was made by Ambassador Stoessel to Soviet Deputy Foreign Minister Korniyenko on March 3 which took a positive line as in previous such exchanges, sought general compliance with CSCE provisions, and made several concrete proposals for implementation projects. The Deputy Foreign Minister immediately replied with criticism of alleged US violations of the CSCE principles, and noted that US interest was concentrated on the third basket. Korniyenko accused the US of having avoided sending bicentennial invitations to the representatives of the "Baltic Republics", which he called discrimination among the Soviet republics and therefore interference in Soviet affairs. US support of the Brussels conference

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on Soviet jewry, Korniyenko said, was also interference in internal affairs, and the lack of adequate protection of Soviet diplomats in the US represented US failure to carry out the Tenth CSCE principle, Fulfillment of International Obligations.

A formal Soviet response to our March 3 demarche was delivered on May 3 and further developed the accusatory tone which characterized the earlier informal comments. The Soviets said their "consistent policy on implementing all principles and agreements agreed to at Helsinki is well known" and went on to accuse the US of violations of the CSCE principles. The Soviets alluded to US policy toward the Baltic states and failure to prevent attacks on Soviet offices in the US in phrases which were more strident and propagandistic in form than earlier Soviet statements on implementation, and represented a departure from the generally constructive atmosphere which both sides have sought to maintain in these exchanges. The Soviet attitude and the content of their response bore

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out the impression given by Soviet propaganda that the USSR is seeking to divert attention from its own record of CSCE implementation by attacking alleged violations by Western countries, and to shift the focus away from the implementation of Basket III, which has been and will continue to be the center of Western interest.

The following is a review of incidents and issues which arose during the reporting period and which relate to implementation of the CSCE principles on interstate relations:

Legal Status of the Final Act

The Soviets have been moving toward an interpretation that the Final Act is a binding legal document, and this was reflected in an authoritative Pravda article during the reporting period. This interpretation is clearly contradictory to the Final Act, which states that it "is not eligible for registration under Article 102 of the Charter of the UN," as it would be if it were an international treaty or agreement.

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In addition, a letter agreed to at CSCE forwarding the Final Act to the Secretary General of the UN, states specifically that the Act is not a treaty or an agreement.

Continued Communist Stress on Certain Principles

Communist spokesmen continued to stress only a few of the principles, especially inviolability of frontiers, non-intervention in internal affairs and, most recently, fulfillment in good faith of obligations under international law. Soviet officials maintain that the USSR is fully implementing all the principles but, despite the Final Act provision that each of the principles has equal status, the Soviets cite only those which suit their purposes and overlook those principles, such as respect for human rights, which are awkward for them.

Soviet Accusations of Interference in Internal Affairs

The Soviets accused Western governments of intervention in internal affairs on several occasions during the reporting period. In addition to the accusations made in the Soviet response to the US March 3 demarche, the Soviet media have accused the US of interfering

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in the internal affairs of Italy by attempting to influence the Italian election campaign. The Soviets have also charged that creation of the US joint Legislative/Executive CSCE Commission is an attempt to interfere in the internal affairs of the USSR.

Observance of Human Rights Principle

While long-term trends give reason for some encouragement, the Soviets have remained basically rigid in their approach to human rights questions, despite the commitments undertaken in CSCE. A "Public Group for the Assistance of the Fulfillment of the Helsinki Agreements in the USSR" was formed by Soviet dissidents in May to monitor Soviet compliance with the CSCE, especially in the area of human rights. The intention of the group is to call attention of the CSCE signatories to human rights violations in the Soviet Union. The group, which is headed by the scientist Yuri Orlov and includes several well known dissidents such as Mrs. Yelena Sakharov, sent its first appeal to our Embassy in Moscow at the end of May seeking support for Ukrainian dissident Valentin

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Moroz who had been transferred to a psychiatric prison.

In the multilateral sphere the UN Human Rights Commission meeting in Geneva considered a draft human rights resolution submitted by the USSR and a counter draft sponsored by the US and several other Western states. An unsatisfactory "compromise" draft, sponsored by Yugoslavia, Cuba and several non-aligned states obtained majority approval despite solid Western opposition. Our Embassy in Belgrade later protested the Yugoslav action as an attempt to reinterpret an agreed CSCE text and submit a distorted version to a vote in a non-CSCE forum.

The Baltic States Question

In a message to Americans of Estonian ancestry on February 19 the President reaffirmed that US policy of non-recognition of the Soviet incorporation of Estonia, Latvia and Lithuania was not affected by the results of the CSCE, and underlined that the CSCE principle of Territorial Integrity includes the provision that no

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occupation or acquisition of territory in violation of international law will be recognized as legal. The Senate included the language of its Resolution 319, which was passed last December and supports the non-recognition policy, as an addendum to its resolution on relations between the US and the Soviet Union which was passed in May.

Cyprus Situation and the CSCE Principles

The Cyprus situation, which was the subject of formal reservations by Cyprus and Turkey at the final stage of the CSCE, remains essentially unchanged, despite efforts of Western countries, including the US, to encourage the parties to the Cyprus dispute to arrive at a mutually acceptable solution.

US European Policies and CSCE

During the reporting period spokesmen from several CSCE states, particularly Romania and Yugoslavia, stated that any US policy which would tend to recognize spheres of influence in Europe would be contrary to the CSCE principles of Sovereign Equality and Respect for the Rights Inherent in Sovereignty and Equal Rights and

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Self Determination of Peoples. One Yugoslav official expressed the view that elimination of the word "detente" from the official US vocabulary was also contrary to the CSCE Final Act, where this word appears prominently.

UK and Iceland Reach Peaceful Settlement to
Fisheries Dispute

In his speech at the Helsinki Summit, Icelandic Prime Minister Hallgrímsson mentioned the need to respect Iceland's declared 200-mile fisheries zone. The Iceland-UK settlement of their dispute over this issue, through the good offices of the Norwegian Foreign Minister, was in keeping with the CSCE principle of peaceful settlement of disputes.

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2. Document on Confidence Building Measures and
Certain Aspects of Security and Disarmament

Prior Notification of Major Military Maneuvers

As noted in the Second Quarterly Report, the Soviet Union on January 4 made notification of a maneuver around 25,000 troops called Kavkaz ("CAUCASUS"), to take place near the USSR-Turkish frontier from January 25 to February 6, and invited observers to view it from Bulgaria, Romania, Yugoslavia, Greece and Turkey. The limited part of CAUCASUS shown to observers was judged by the Turkish and Greek observers to be a highly static and conventional exercise.

While not within the reporting period, the Caucasus pattern continued with the second Soviet notification made on May 24 for exercise Sever ("NORTH") to take place in the Leningrad Military District near the Finnish border on June 14-18. Military attaches from CSCE states in Moscow were again called in by the Soviet Ministry of Defense to receive the notification exactly 21 days before the exercise. The exercise involved roughly

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25,000 troops - both ground and air force personnel. The Soviet media had the details of the maneuver on the air waves and in print before the attaches were notified.

Alliance consultations during the reporting period established a NATO Fall Exercise schedule of approximately 30 maneuvers in the SACEUR's AUTUMN FORGE Exercise series. The Allies will make notification of eight of them and invite observers to four. The FRG has joined France in attempting to discourage large numbers of "voluntary" notifications of maneuvers under 25,000 troops. There was general agreement that the West does not want to present too high a profile on maneuver notifications, but the Allies also feel that notifications are basic to a good western record and in many cases wish to ensure that their national CBM implementation record is complete, with an eye to the Belgrade Conference.

For purposes of US notifications, it was decided that readiness tests are not military maneuvers in terms of the Final Act, as they do not simulate combat but rather test assembly and movement to local dispersal

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areas of troops from their garrison areas. The Supreme Allied Commander Europe called a readiness test of all Allied ground forces on March 23 which involved USAREUR units, among others. There was no discernable Warsaw Pact military reaction, nor any communist media coverage. A USAREUR readiness test is to take place this summer.

Prior Notification of Other Military Maneuvers

Hungarian authorities announced on April 5 that they would begin a field exercise the next day involving 10,000 troops. This exercise was evidently organized around a callup of reservists. There was also significant military activity on the Danube south of Budapest. It is probable that Hungary was making a "voluntary" notification with an eye toward the Belgrade follow-up meetings. This was the first notification by a Warsaw Pact member of a maneuver clearly involving less than 25,000 troops.

The Allies conducted the NATO exercise ATLAS EXPRESS of which they made notification as noted in the last quarterly report. This exercise involved approximately 17,000 Norwegian and Allied troops in Norway from February 26-March 22.

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Exchange of Observers

The Soviets have repeated the geographic character of their invitations to CAUCASUS by inviting neighboring states (Norway, Poland, East Germany, Finland and Sweden) to send observers to SEVER. This group represents a mix of NATO, neutral and Warsaw Pact member countries, as did the invitations to CAUCASUS.

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B. COOPERATION IN THE FIELD OF ECONOMICS, OF SCIENCE AND TECHNOLOGY, AND OF THE ENVIRONMENT.

1. Commercial Exchanges.
2. Industrial Cooperation and Projects of Common Interest.
3. Provisions Concerning Trade and Industrial Cooperation.
4. Science and Technology.
5. Environment.
6. Cooperation in Other Areas.

Transport

Tourism

Migrant Labor

Training of Personnel

During the reporting period, Western countries continued to experience difficulties with the East on various economic and trade issues. These have included prolonged delays encountered by companies wishing to obtain accreditation and open business offices, lack of cooperation in providing office and residential space

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to Western firms, occasional apparently deliberate delays in visa issuance for visiting businessmen, and a general lack of improvement in business facilitation. There was no noticeable increase in the provision of economic, commercial or marketing information by Eastern countries, despite the opportunity for doing so afforded by the formal adoption of new five year economic plans in several of these countries.

Unilateral and bilateral Basket II implementation activities continued to be modest during the reporting period. Perhaps most noteworthy in the unilateral context is the campaign building up in the Communist countries to relate Basket II with numerous trade complaints against the West in general, and the EC-9 in particular. These complaints, most of which are not supported by the provisions of the Final Act, include the following:

-- continuing quantitative restrictions and other non-tariff barriers on Eastern exports;

-- negative impact of the EC Common Agricultural Policy on agricultural exports to the EC region;

-- discrimination in application of customs duties on Eastern exports (absence of MFN);

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-- continued existence of export controls on Western strategic goods;

-- discriminatory licensing procedures and self-restraint pressures applied against Eastern exports;

--difficulties in obtaining visas for, or application of quantitative quotas on, staffs of Eastern trade representations in the West.

Bilateral Activity

There was a modest level of bilateral Basket II activity during the reporting period, principally focused on the activities of US business firms in Eastern Europe.

GDR

In the German Democratic Republic, economic and commercial data are still available only in limited quantities. The first representative of a US firm is expected to open an office within the next few months and the GDR signed an umbrella trade agreement with another large US company at the Leipzig Trade Fair this Spring. Others are being negotiated. Since August, 1975, the GDR has signed twelve treaties and agreements with

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six Western states, and is currently negotiating thirty others. The GDR has mixed trade commissions with the UK, Norway, the Netherlands, and Finland.

Czechoslovakia

Since last January, when a decree permitting opening of foreign business offices was issued, conditions for foreign business firms in Czechoslovakia have not improved greatly. To date, only one US firm has formally applied to set up an office, and there is still a severe shortage of housing and office space. Moreover, there has been some concern expressed that, since the decree restricts the type and size of offices permitted, it could even be used to close down some offices already in existence (Japanese and British firms), which do not meet the specifications.

In March, Czechoslovakia finally extended more favorable visa treatment to Union Carbide employees and families living in Zaluzi, but there is no evidence that this signals a trend. It seems rather to have been a response to our Embassy's efforts in an individual case.

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Of potential significance has been the endorsement by Czechoslovakia of "industrial cooperation agreements", which might eventually help to ease the burden on the economy of the shortage of hard currency, and could have positive effects on the extent of US business activity in the future.

There is evidence that the lack of action in making available information and facilities which would make possible greater technical and business activity is a result of inertia and obstructionism at and below the middle-level of Czechoslovak business and government. Despite directives from above, middle-grade officials are reportedly unwilling to make the extra effort needed to carry out the provisions of Basket II of the Final Act, a situation which would change if senior business and government leaders were to make clear their determination to improve business conditions.

Hungary

In Hungary during the reporting period, both the Embassy and American businessmen have been granted somewhat greater access to the end-users of imported goods

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and technology. The hard currency shortage continues to deter more contacts, as does bureaucratic foot-dragging. Excessive bureaucracy has so delayed a request by one US bank (Citibank) to open an office, that it has ceased to press the application. Offices, hotel rooms, and apartments are still hard to find, although a new Hilton Hotel is expected to open in late 1976, and should alleviate the shortage somewhat. Corning Glass and Padelkis have entered into the first mixed capital joint venture between a US and Hungarian firm. Another contemplated joint venture between Union Carbide and Medicor has progressed from the planning stage to a trial period. However, a problem has arisen because AEC owns a portion of the technology and is reluctant to license it to an Eastern European country. A cooperation agreement has been signed by General Motors and Raba/Gyor; a similar cooperation agreement between Katy Industries and the Minosege Shoe Factory awaits ministerial approval.

Romania

There has been no noticeable change in business contacts in Romania. Access remains reasonably satisfactory, although end-user access remains in the control of

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the central authorities. Romania recently published data on the 1971-75 Five Year Plan, which was more extensive than that published on previous plans. The government also supplied our Embassy in Bucharest with 200 copies of the official Chamber of Commerce booklet on Romanian business and industry for the use of American firms. There has been some small expansion of hotel and apartment space. In addition, drafts of a long-term economic cooperation agreement were exchanged prior to negotiations in May. The agreement, when concluded, will underline the interest of both countries in promoting economic, industrial and technical cooperation and should provide some additional facilities for American businessmen in Romania. Of potential future significance was the appointment of three special Romanian government counselors tasked with the promotion of trade with the US; they will report directly to the Deputy Prime Minister/Minister of Foreign Trade and Economic Cooperation. Hopefully, this will facilitate imports from the US, as well as Romanian exports.

Poland

In Poland, access to end-users and business contacts was satisfactory before August, 1975, and it has continued to expand during the reporting period. New hotel space is under construction, and a thirty-eight story Foreign Trade Center

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recently opened, alleviating the shortage of office space. International Harvester has more than doubled the extent of its industrial cooperation agreement with its Polish partner enterprise for the manufacture of earth moving equipment during the last year, and RCA and Corning Glass are beginning activity under a \$128 million agreement to produce color TV tubes. Currently under negotiation is a General Motors proposal to produce light vans. Although not complete by Western standards, statistics on the economy are available and adequate to conduct business.

Bulgaria

Since the Decree of December 19, 1975 authorizing foreign firms with economic, technical, and production agreements with Bulgaria to establish temporary representative agencies for periods up to two years, there has been no activity involving US firms. Such agencies would, in any case, be under the "guidance and control" of Interpred, the official organization which deals with foreign firms. The decree reflects recognition by Bulgarian authorities of the need to cope with business

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practicalities, and the Bulgarians have entered into several new cooperative agreements with foreign companies. Nevertheless, American firms continue to be reluctant to enter into such agreements, given the restrictive conditions prevalent in Bulgaria.

USSR

There remain many restrictions and logistical problems hindering business activity by foreign firms in the Soviet Union. Ministries have the right to enter into contact with foreign companies if they wish, but access to end-users remains the exception rather than the rule. Since August, 1975, four additional US firms have been authorized to open Moscow offices, one application was rejected, and one or two are expected to be approved in the next reporting period. However, the rejection rate does not include firms which are informally deterred from submitting applications by the Soviets, or discouraged by the extremely high cost of a Moscow office (at least \$200,000 per year initially). For our part, we treat applications by Soviet firms cautiously because of internal security problems.

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Accredited firms have been fairly treated when applying for housing and office space, but the situation is still difficult and, in the case of hotels, growing worse, since tour groups continue to receive precedence over business applications. No change appears likely before the end of the decade when the new Olympics facilities and International Trade Center will open.

The Soviets remain sensitive about providing certain economic statistics (e.g., grain crop forecast). Information on trade legislation and bureaucratic organization was exchanged at a joint seminar in Moscow in December, 1975.

The State Committee for Science and Technology currently has S and T agreements with 53 US companies, an increase of nine since the signing of the Final Act. However, "joint ventures" in the Western sense of equity ownership are not contemplated at this stage, and US companies have little to gain from joint ventures within the current restrictive legal and financial framework.

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Multilateral Activity

The main Basket II activity during the period was in the multilateral arena. Some of this activity was based on Soviet initiatives which were not directly related to the specific terms of the Final Act. One example was the presentation by the Council for Economic Mutual Assistance (CEMA) to the EC-9 of a draft umbrella cooperation agreement. The Nine have pointed out, correctly, that discussion of a possible CEMA-EC agreement pre-dates the CSCE, and that the CEMA initiative is not an out-growth of the CSCE.

On February 16, East German Deputy Premier Gerhard Weiss, in his capacity as CEMA Executive Committee Chairman, tendered the draft CEMA proposals to Luxembourg Prime Minister Gaston Thorn, in his role as President of the European Council of Ministers. The CEMA initiative, which calls for establishing official relations with the EC, appears intended as:

-- a major Communist CSCE Basket II initiative, the onus for rejection of which (or stalling in replying to) would fall on the EC;

-- an attempt to elevate CEMA's stature as a regional economic organization by equating it with the EC;

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-- a further effort by the Soviet Union to exercise control over the bilateral economic relations of its Eastern Europe clients both with the Community and with individual EC member states by channelling them through the CEMA mechanism;

-- an attempt to extract economic concessions from the EC as a price for its formal recognition by CEMA.

Those purely economic elements which are proving most contentious to the EC in considering a response to the CEMA draft are the provisions for: 1. a blanket application of MFN by EC countries to CEMA countries; 2. elimination of non-tariff barriers, including QRs; 3. mutual consultations on measures to protect the stability of domestic markets; 4. renunciation of unilateral restrictions on agricultural products not applied to third countries; 5. granting of credits on the most favorable terms possible; and 6. preferential treatment by the EC to those CEMA countries which are at "an appropriate level of economic development."

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The Community is proceeding cautiously, and thus slowly, in defining the issues presented by the CEMA draft agreement and in considering an appropriate response. It appears unlikely that the Nine will be prepared to respond officially to CEMA before autumn. Only then could formal negotiations begin between the two bodies on the language of an eventual agreement. In explicitly linking their proposal to CSCE, moreover, the CEMA countries (i.e. the Soviet Union) have put considerable pressure on the EC to provide a substantive, forthcoming response well in advance of the 1977 Belgrade follow-up meetings or face the prospect of being accused of foot-dragging on CSCE implementation.

Soviet-Proposed Conferences on Energy, Transportation and Environment

Another major Basket II-related initiative by the East during the reporting period was the formal proposal by the Soviet Union for convening all-European congresses to deal with problems of energy, transport, and the environment. This is a refinement of an idea first broached by CPSU General Secretary Brezhnev in his speech at the 24th Party Congress in 1972. It was renewed in his speech to

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the Polish party congress in December 1975. The Soviets officially presented their proposal to Ambassador Stoessel in Moscow March 12. Other major Western countries were given the proposal at about the same time.

In launching their proposal the Soviets noted that the Final Act calls for cooperation in scientific fields and that one form of such cooperation mentioned in the Act is the holding of meetings to discuss scientific, economic, and technical problems. The Soviets further stated that the Economic Commission for Europe (ECE) is one organization mentioned in the Final Act which could be utilized for scientific and technological cooperation. The Soviets envisaged using the ECE to "organize" their proposed congresses, and stated their intention of formally submitting the idea at the 31st annual plenary meeting of the ECE beginning at the end of March. They also announced willingness to host the energy congress in Moscow this year.

Economic Commission for Europe (ECE) Plenary

The US consulted fully with its Western partners on the "Brezhnev Proposal" both at NATO and in the ECE

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Western Caucus prior to the opening of the ECE annual meeting. A common view was quickly reached that the Soviet initiative was essentially a propaganda ploy, largely devoid of substance, intended: a) to demonstrate that the Soviets take CSCE seriously by advocating significant, demonstrable measures aimed at full implementation; b) to mask Soviet inactivity in Basket 2 and in other more sensitive areas of CSCE, such as freer movement of peoples and ideas; and c) to gain more of a voice in discussions of economic subjects going on in Western Europe while controlling their Warsaw Pact allies' involvement in these issues.

There was less agreement in the West on how to react to the Soviet initiative. Some initially suggested outright rejection. Others thought the proposals should be relegated to ECE subsidiary technical bodies for study. The US position was that holding grandiose, all-European, CSCE-like conferences was hardly a viable method of achieving concrete East-West progress in the areas covered by Basket II, and that we saw little in the Soviet proposals to suggest that these congresses would result in the real cooperation the CSCE participants desired. The US instead proposed that the ECE adopt a limited number of specific,

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narrowly-defined projects for immediate implementation. This approach found acceptance in the Western Caucus during the course of the ECE meeting.

The ECE annual meeting thus settled into an intense round of East-West negotiation, with the Soviets seeking first approval, then agreement in principle, and finally mere expression of interest in the congresses idea. The West, at the same time, worked for ECE approval of a limited number of "special attention" projects for immediate implementation. The final outcome was adoption of two parallel and implicitly linked "decisions," both appended to a broader resolution on the future activities of the ECE. The decision on the Soviet proposal "noted the interest" which had been expressed in it, "drew the attention" of the relevant subsidiary bodies to the topics suggested for discussion at the proposed congresses, "suggested" that ECE governments study the proposals, and asked the ECE Executive Secretary to circulate such views on the proposals "as member governments may wish to communicate to him."

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The projects decision called on the ECE to pay "special attention" to all areas mandated to it in the Final Act; to all other multilateral Basket II proposals; and specifically to four concrete, limited projects in the trade, environment, and transport areas, in which early progress appears most feasible. It called on the competent subsidiary bodies to present progress reports on ECE activities in these areas to the 32nd session in April, 1977.

Our assessment of the utility of the congresses will be based primarily on our study of their substantive implications and broader political considerations, but Eastern cooperation in undertaking practical work on the "special attention" projects, two of which are specifically in the areas of environment and transport which the Soviets wish to cover in their "congresses", could be used by the Soviets to bargain for the convening of the congresses. Most Western countries, however, remain skeptical about holding any of the Soviet-proposed congresses in the near future, whatever the degree of Soviet cooperation on Basket II projects.

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Despite the fact that the ECE meeting was engulfed in consideration of the Soviet initiative, it managed to approve a wide range of activities for implementation over the near and medium term. Many of these are Basket II topics, and all were drawn from a comprehensive review of the ECE ongoing work program in the light of CSCE prepared by ECE Executive Secretary Stanovnik.

Danish Symposium on Arctic Construction

We have recently received a query from the Danish Government on our attitude toward a symposium on construction technology under Arctic conditions which Denmark proposes to host in Greenland, in the context of Danish CSCE follow-up, in September, 1977. After consultations with the appropriate USG agencies (HUD, EPA, DOD, etc.), we have given a generally positive response to the idea, but have suggested consultations with all the Western Allies in view of possible precedents which might be established by the symposium. We are awaiting further details from the Danes.

Results of Balkan Conference

Finally, the First Inter-Balkan Conference on Economic and Technical Collaboration concluded on

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February 5 in Athens. Delegates from Bulgaria, Greece, Romania, Turkey and Yugoslavia held discussions in six sectors - agriculture, commerce, energy, transport, communications, and environment - in the "spirit of Helsinki." A number of proposals, including an inter-Balkan Chamber of Commerce and a Balkan bank consortium, indicated an improved overall climate in the area. Bulgarian foot-dragging prevented a number of concrete steps from being taken, including the establishment of permanent subcommittees in the six sectors listed above and the setting of a date for the next conference. It seems unlikely, however, that Bulgaria alone will be able to completely block future cooperation. The Greeks were generally pleased with the results of the meeting, and soon afterward hosted tripartite talks on industrial collaboration (Greece, Romania, and Yugoslavia) in Athens. They will also undertake to convene the second meeting of the conference later this year with Albanian participation, if possible. We consider this to be a favorable trend as it permits contacts between East and West without direct Soviet participation and control of their allies - although Bulgaria was clearly acting as a Soviet surrogate at the Conference.

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C. QUESTIONS RELATING TO SECURITY AND COOPERATION
IN THE MEDITERRANEAN

As noted in earlier quarterly reports, certain actions taken by states independently of the CSCE can be related to the very broad provisions of the Mediterranean section of the Final Act. Thus, for example, efforts by the US and other countries to promote a Cyprus accord, or the US peace-keeping mission in the Sinai can be depicted as efforts toward "lessening tensions in the region", as recommended in the Final Act. Similarly, other developments can be related to Final Act provisions on promoting good-neighborly relations, strengthening security and improving economic relations with the "non-participating Mediterranean states".* However, so far as we are aware, no CSCE state has

*In the CSCE context, the "non-participating Mediterranean states" are Algeria, Egypt, Israel, Morocco, Syria and Tunisia.

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chosen to explicitly link such activity to the Mediterranean section of the Final Act.

As the CSCE follow-up meetings draw nearer, we anticipate that some states, like Yugoslavia, which hope to expand the scope of the CSCE beyond Europe, and other countries, like Malta, which have an intrinsic interest in the Mediterranean section of the Final Act, may begin to draw attention to the provisions of this section. One of the questions to be addressed at Belgrade is the continuation of contacts with the Mediterranean littoral states. Our attitude has been very cautious and prudent, reflecting a general desire to avoid burdening European security issues with the complexities of Mideast and Mediterranean considerations.

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D. COOPERATION IN HUMANITARIAN AND OTHER FIELDS.

1. Human Contacts.

2. Information.

The US continued to stress the importance it attaches to the human contacts and information provisions of the Final Act during the February 1-April 30 reporting period, and we took several initiatives with the communist countries related to these provisions. Additionally, we continued to exchange information with the Allies at NATO about implementation of the provisions on human contacts and information by the Eastern countries.

There were but a few positive implementation developments related to the CSCE in the communist countries, and only limited progress was made. In addition, the Communist states adopted more assertive positions, attacking the US and the West for alleged non-fulfillment of Basket III provisions on broadcasting and the exchange of printed and filmed information.

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The Second Quarterly Report, covering the preceding three month period, noted there had been an apparent Communist, and particularly Soviet, effort to bring their policy and procedures into line with CSCE provisions on human contacts and information, but that it remained to be seen whether these changes would have an effect upon the peoples in the Eastern countries. While the process of change is obviously a long-term matter, to date, it appears that the lives of the Soviet and Eastern European peoples have not been greatly affected by the limited changes in Eastern practice that fall under the Basket III provisions on human contacts and information. We will continue to press for progress in these fields in our contacts with Eastern officials.

1. Human Contacts.

Family Reunification

The family reunification question continues to be the subject of intense US interest and activity; there have been further bilateral contacts with the Soviet and Eastern European countries on this subject during the reporting period. Ambassador Stoessel, following up on earlier representations,

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again raised the matter of divided families in a March 3 meeting in Moscow, expressing disappointment and noting that the number of resolved family reunification cases on the US Representation List seemed to be decreasing. On May 3, the Soviets responded by claiming that their performance on this issue had been satisfactory, and that the number of resolved cases had not declined. In fact, the overall rate of emigration from the USSR to the US has increased substantially during the first five months of 1976; our Embassy in Moscow has processed 1,000 cases as opposed to 1,162 for all of 1975 and 1,029 for all of 1974. Soviet Jewish emigration was also up slightly during the reporting period over last year's average, though the rate has not approached that of the peak period of 1972-73. Although not of direct concern to the US, FRG officials have provided us with figures indicating a three-fold increase in ethnic German emigration to the FRG from the USSR. The officials also have stated that the CSCE made possible the FRG-Polish agreement which has resulted in a large increase in ethnic German emigration from Poland.

US implementation of the results of the CSCE is affected in some areas by restrictive provisions of the Immigration and Nationality Act (INA). The Final Act calls on states to facilitate the reunification of families, and "to facilitate freer movement and contacts . . . and to contribute to the solution of the humanitarian problems that arise in that connection

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However, it does not specifically recommend that states abandon national entry restrictions.

Although we support the reunification of families and the right of persons to freely emigrate, in certain cases of Soviet emigrants, US law dictates the refusal of documentation for onward travel on the basis of INA provisions which call for such refusal due to past or present Communist Party membership. There is provision in the INA to waive this restriction if the visa applicant entered the communist party "involuntarily". The Immigration and Naturalization Service (INS) Field Office in Rome has recently refused visas on several occasions to Soviet emigrants due to Communist Party membership, although the US Embassy in Moscow had found them eligible for waivers on "involuntary" grounds. The State Department is working with the INS on a case-by-case basis to attempt to resolve the question of these visa refusals so that these Soviet emigrants may be allowed to enter the US. We may anticipate that if visas are not issued to such emigrants, the Eastern states could and probably will cite this as an example of US non-fulfillment of CSCE undertakings.

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The divided family issue continues to be a significant irritant in US-Polish relations. Despite repeated approaches to the Polish Government on this question, there has been no apparent change in rather strict Polish policy on family reunification. Emigration to the US continues at a relatively satisfactory rate in Romania, but this is probably related more to the terms of the US Trade Act and its provisions on emigration, than to the CSCE. However, Romanian efforts to discourage emigration, outlined in the last Quarterly Report, have elicited charges of harrassment from relatives and others in the US. The numbers of divided family cases in the GDR, Bulgaria, Czechoslovakia and Hungary remain relatively small in comparison with the USSR and Poland; nevertheless, we continue to follow-up on family reunification in these countries.

In February, the East German Ambassador in Washington was told by Assistant Secretary Hartman that progress in US-GDR divided family cases was expected. Also in February, Ambassador Cooper made a similar presentation to the GDR Foreign Minister in East Berlin. The US Charge in Prague

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took the same position on US-Czechoslovak family reunification cases in a meeting with Foreign Ministry officials on March 2. Our Ambassador in Budapest made a similar presentation to the Hungarian Foreign Minister in March, and to the Prime Minister in April. During a visit to Sofia April 26-27, Secretary of Agriculture Butz was informed by the Bulgarian authorities that 42 of 72 cases of Bulgarians wishing to visit or be reunited with their families in the US would be given permission to do so. To date, eight have been issued US visas.

The Hungarians have reduced the fee for emigration passports from 1500 (\$72) to 1000 florints (\$48), a move which is related to a CSCE provision which calls for reduction of such fees to "a moderate level", and which is similar to a reduction in the USSR reported in the Second Quarterly Report. Our Embassy in Prague reports there is no change in the Czechoslovak practice of charging emigrants for the expense of their state education; such charges range from \$30 to \$1000.

The GAO has urged that US immigrant visa fees be raised to cover costs, as required by law. As

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a result, the Department of State may be forced to raise the US immigrant visa fees from \$25 to \$58 (\$33 for children under 16). While it could be argued that the US fees remain "moderate" even at the increased level, we can expect to be strongly attacked in the CSCE context by the Soviets and East Europeans for increasing the immigrant visa fees, rather than lowering them as specified in the Final Act.

Family Visits

Nationals in some communist countries such as Bulgaria, Czechoslovakia and Hungary continue to be refused permission to visit relatives in the US who left their native countries "illegally" (i.e., without official permission). Naturalized American citizens wishing to return to their homelands are also sometimes refused visas on the grounds that they left their native countries "illegally". Additionally Americans wishing to visit relatives in certain East European countries are occasionally refused visas for being "politically undesirable", or because their relatives are "bearers of secrets". According to the American Embassy in Bucharest, it may be more difficult for

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Romanians to obtain permission to travel abroad for a visit than to emigrate. It is estimated that 10-12% of Romanians traveling abroad do not return. The GDR continues to grant exit permits with little difficulty to persons over 65 to visit relatives in the US. However, GDR citizens under 65 are rarely allowed to leave. We again raised family visits in Moscow and other Eastern capitals during the reporting period, expressing dissatisfaction with performance in this area.

Bi-national Marriages

Practice in the East on bi-national marriages continues to vary widely. In recent years the Soviet Union has moved from a position of active opposition to reluctant tolerance. In March, Ambassador Stoessel expressed disappointment to Soviet officials on the lack of progress on US-USSR bi-national marriage problems; the situation in this area in the Soviet Union remains virtually unchanged since the last Quarterly Report. By comparison, the policy on bi-national marriages is less severe in Poland, Hungary, and even in Czechoslovakia, although delays of up to six

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months are experienced before the spouse in these countries is processed to leave for the US.

In the GDR, the fiancee of an American citizen was discharged from her teaching position as a result of her planned marriage and emigration. We protested this action in connection with the CSCE provision that prospective emigrants should not suffer penalties because of their intention to leave. In Bulgaria, the case mentioned in the Second Quarterly Report of a woman promised, then refused, permission to emigrate after marriage to an American, is nearing a satisfactory conclusion. After her case was raised during Secretary Butz' visit, she received new travel documents and is awaiting a French visa to join her husband in Paris. Practice in Romania on bi-national marriages has grown more restrictive since Helsinki, with the Romanians claiming that this is due to the massive return of disenchanted Romanian spouses from the West.

The reasons for refusing visas to American citizens, noted under Family Visits, are also occasionally used

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to prevent Americans from entering communist countries for the purpose of marriage.

Travel for Personal or Professional Reasons

On March 4, Congressman Fraser asked the Secretary at a Congressional hearing how US refusal of visas to Communist Party members related to CSCE provisions on the freer movement of people and ideas. In a later written response, the Secretary explained that the CSCE Final Act does not affect US law, including the Immigration and Nationality Act which governs the issuance and refusal of US visas to aliens who are Communist Party members. It was further stated that the Congress has the prerogative to change the visa law if it wishes to do so, and that the Department of State stands ready to discuss such changes in light of the CSCE and the President's statements at Helsinki on the intention of the US to fully implement the provisions of the Final Act.

The communists continue to complain about such visa refusals, and about what they claim is undue delay in issuing US visas. As noted in the Second Quarterly Report, we are reviewing US visa procedures to determine

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what changes can be made in US practice, taking into account the Final Act and US law; we anticipate this review may be completed by the end of the period covered by the next quarterly report. In connection with the modification of US visa practice, for the Summer Olympic games in Montreal, waivers of visa ineligibility because of Communist Party membership will be granted for multiple entries rather than single entry into the US between June 17 and August 31. This measure may affect a certain number of travelers from Eastern Europe and the USSR. The Department is also studying the feasibility of issuing multiple entry visas for long-term participants in the Special Exchanges Program for exchange visitors from several communist countries.

The Final Act provides that states should lower non-immigrant visa (NIV) fees to promote travel. In cases where foreign states charge NIV fees to American citizens, by law the US reciprocates by charging similar fees to their citizens. Among CSCE states, only Bulgaria, Czechoslovakia, the GDR, Hungary and Poland continue to charge such fees. In April, we instructed our embassies

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in these countries to make a presentation citing the CSCE and calling on the host governments to reduce NIV fees charged to American citizens down to a no-fee status, in which case the US would also eliminate its NIV fees. The governments concerned promised to respond after studying our proposal.

There has been little change in restrictive Communist practice during the reporting period regarding permission for their citizens to travel abroad for tourism or professional reasons. Aside from obtaining the necessary travel documents, Soviet and Eastern European travelers also continue to face difficulties in acquiring hard currency for expenses in the West. In some instances hard currency restrictions may be as great a barrier to travel as hard-to-get travel documents. The cost of documents remains generally lower for travel to other communist states, than to the West.

A recent change in GDR regulations permits East Germans to pay for trips to the US of less than 45 days in GDR currency. This permits East Germans to finance their own trips and relieves them from depending on hard

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currency sent from abroad by relatives or friends. On the other hand, the GDR also obliges its citizens to travel on the East German airline to Copenhagen for onward connections to the US, thereby denying them access to cheap charter flights from the FRG to the US. We have brought this problem to the attention of the GDR authorities.

The Soviets and Eastern Europeans claim that their citizens may travel abroad freely, and cite impressive figures to support this contention. They do not, however, explain that the great majority of these travelers are to other Eastern countries, and only a tiny fraction go to the West.

On March 3, Ambassador Stoessel informed a Soviet official that the US was eliminating certain zones in the US which had been temporarily closed to travel by Soviet diplomats, in reciprocity for similar temporarily closed zones in the USSR, and invited a Soviet response. The official Soviet reply of May 3 simply "noted" our proposal, but informally Soviet officials have indicated that they are considering the possibility of reciprocal action. (The US temporarily closed zones exceed those temporarily closed by the Soviets.)

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We have also formally proposed to the Bulgarians and Czechoslovaks that all zones closed to our diplomats be reciprocally eliminated. Closed zones no longer exist in other Eastern European countries.

Several months ago the Soviets proposed consular review talks on subjects of mutual interest. We accepted this proposal, envisaging discussion of such CSCE-related subjects as multiple entry/exit visas for US businessmen and students resident in the USSR. The Soviets have postponed the talks without explanation. We will continue to pursue subjects such as students' and businessmens' visas on an individual basis. On May 3, we received an ambiguous indication from a Soviet official that the USSR might be willing to accord multiple entry/exit visas to either businessmen or students. In a related development, the Romanians have approached us concerning visa facilitation for Romanian businessmen, and we have this matter under consideration.

Consular Conventions

The US-Czechoslovak Consular Convention still requires Czechoslovak ratification in order to enter into force, and the Czechoslovaks continue to promise ratification will occur soon. Negotiations on the US-GDR

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Consular Convention continue, but with the thorny question of a definition of nationality yet to be resolved.

Religious Contacts and Information

According to Vatican sources there have been some slight improvements in the religious field in the wake of the CSCE. These include larger numbers of pilgrims permitted to travel abroad by some communist countries; priests in Rome allowed in some instances to visit their families in Czechoslovakia, Hungary and Poland; a limited amount of printed religious material permitted into Hungary and Czechoslovakia; the possibility of naming new bishops in Bulgaria and Hungary; and the GDR and Czechoslovakia appearing to be somewhat more forthcoming on religious matters. According to the Vatican, similar developments have not occurred in the USSR, aside from a change permitting the importation of religious material into the Baltic States.

During the reporting period, an American rabbi reported to the American Embassy in Moscow that the Soviets were much more hospitable and cooperative toward him than during previous visits. The Soviets facilitated

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meetings between the rabbi and government officials and religious leaders. In March-April a ten-man Soviet religious delegation visited the US as the guests of the Appeal of Conscience Foundation and had discussions with co-religionists in New York and Washington, and with several members of Congress and State Department Officials. The Polish Government is cooperating with a group of US rabbis on the restoration of Jewish cemeteries in Poland.

Tourism; Meetings among Young People; Sport;

Expansion of Contacts

On March 3, Ambassador Stoessel informed Soviet authorities of the plan, mentioned in the Second Quarterly Report, to establish in Moscow a Visit USA Committee comprised of local American businessmen and US Embassy officials to promote tourism to the US. A Committee has now been established and will meet with Soviet officials to propose a number of steps designed to promote Soviet tourist travel to the US.

A barrier to Western tourism to the East continues to be the requirement to arrange pre-paid package tours

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through government travel agencies, such as Intourist in the USSR, or to change a certain amount of hard currency per day of stay. In the latter case the amount may be as much as \$10 for each family member. This requirement places a heavy burden on persons planning to stay with relatives for extended periods of time. However, some Eastern European countries have reduced hard currency exchange requirements for such visitors.

There were no major youth exchanges with the Soviet Union or Eastern Europe during the reporting period. The American Council of Young Political Leaders (ACYPL) has, in certain cases, reduced the size of delegations it sends and receives under the exchange with the Soviet Committee on Youth Organizations (CYO). Activities of the ACYPL and CYO are discussed further in this report under Cooperation and Exchanges in the Field of Culture.

Despite our efforts to promote full American participation in the European Youth Security Conference, and support from some Western European youth groups, American

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representatives were not invited to preparatory meetings by the communist-dominated youth organization which is organizing the Conference. The Conference will address the relationship between the CSCE and youth activities and other questions.

Sports exchanges have continued to be active. East European skiers competed in World Ski Cup competition at Aspen, Colorado in March. Also in March, a Soviet coach took part in an international basketball seminar in Philadelphia and Washington. The Moscow Junior Basketball Team began a US tour in April.

In February, the American Athletic Union sent a team to a track and field meet in Leningrad. Americans competed in World Team Tennis in Moscow in March. In Poland, American teams played in the world ice hockey championship and competed in world junior fencing competition; both events occurred in March.

The Communist states remain sensitive to the provisions of the Final Act calling for expansion of contacts among organizations and associations. In this regard, a high-level Soviet official on May 3 complained about

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the continuing US practice of refusing visas to certain Communist groups. The Soviets are especially concerned about visa refusals to Soviet trade union delegations wishing to travel officially to the US to visit American trade unions.

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2. Information.

Oral, Printed, Filmed and Broadcast Information;

Cooperation in Field of Information

The Soviet Union and Eastern European states have continued to attack US and other Western international broadcasting as being contrary to the CSCE provisions. We continue to point out that the Final Act provisions express the hope for a reduction in jamming, do not concern the substance of broadcasts, and commit states to a wider dissemination of all kinds of information. These positions were reiterated in discussions between US and communist officials in Moscow and Prague during the reporting period, but criticism of Western broadcasting continued in the Soviet and Eastern European media.

On the occasion of the lapse of the lease on Radio Liberty facilities in Spain, the Soviets complained that RL broadcasts were not in keeping with the CSCE in an apparent attempt to influence the Spanish on renewal of the lease. We instructed our Embassy in Madrid to point out to the Spanish that the Soviets had no grounds for such complaints in view of their CSCE commitment "to

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facilitate the freer and wider dissemination of information of all kinds." The Spanish are also committed to that undertaking as a CSCE signatory state.

As the result of Soviet and Eastern European protests to the International Olympic Committee (IOC), the press accreditation of RFE newsmen to the Winter Olympic Games was revoked. On February 13, Secretary Kissinger protested the IOC's decision and requested that accreditation be restored. We understand that the IOC is studying the question of RFE, as well as Radio Liberty (RL), press accreditation for the 1976 Summer Games in Montreal, and that RFE and RL are taking steps to assure such accreditation. The State Department has expressed support for a Senate Resolution (SR 413) concerning the revocation of RFE accreditation at the Winter Games and freedom of the press at the Olympics.

There has been no reported change in Communist jamming of US radios. VOA is not jammed; RFE is jammed in varying degree in the Eastern European countries; and RL is jammed in the USSR. Broadcasts of Radio in the American Sector (RIAS) of Berlin are jammed by the GDR on medium wave but not on FM and short wave frequencies.

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The Soviet and Eastern European states have adopted an assertive position on dissemination of printed and filmed information, by continuing to claim that more Western publications (not including news related materials) and films are available in the East, than communist books and films in the West. Copious statistics are cited to support this argument. For example, a Polish newspaper article on March 9 compared the number of hours that US and other Western films were shown on Polish TV, with the much lower number of hours that Polish films were shown on Western TV. Our response to this reasoning is that the CSCE was intended to lower barriers to the flow of information, and that we should seek to achieve this aim by allowing people, not governments, to decide what they wish to see and read.

The availability of Western newspapers and news magazines remains highly restricted in the communist countries, with such publications being customarily obtainable only in places frequented by Western visitors. However, the situation in Poland does not seem quite as harsh as the other Eastern states. For example, 1,105 copies of Newsweek are reportedly distributed weekly in

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Poland, compared to 545 in Hungary, 261 in the USSR and 161 in Czechoslovakia. In Romania, 96 copies of Newsweek and 68 copies of the Paris Herald Tribune are normally available; this number is increased to 136 copies of Newsweek and 128 of the Tribune during the tourist season.

Following up on the Soviet announcement, noted in the Second Quarterly Report, that the number of Western newspapers imported into the Soviet Union was increased to 18, American Embassy officials in Moscow requested an appointment with the Director of the Soviet agency responsible for newspaper distribution to discuss the matter. The only difference noted in availability of newspapers in Moscow is that they are now on display, rather than under the counter, in places frequented by foreigners. A similar situation prevails in Hungary, although the number of Western news magazines seems to have declined. The Bulgarians continue to claim that the number of Western newspapers allowed into Bulgaria has increased, but our Embassy in Sofia has noted nothing to support this claim. Our Embassies uniformly report from Eastern Capitals that the situation regarding

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availability of newspapers and news magazines to the Soviet and East European peoples remains unchanged since Helsinki.

There has been additional cooperation in the field of information during the reporting period. A limited exchange of films with the Soviet Union continues; the Soviets specifically requested Walt Disney films to mark the anniversary of Disney's birth. PBS officials visited the USSR during the period under review, and Soviet newsman Pavel Kuznetsov participated in a Syracuse University journalists' program. Our Embassy in Budapest reports modest success in placing US films, TV and radio items with the Hungarian media.

Working Conditions for Journalists

In March, Ambassador Stoessel proposed regular US-USSR consultations in Moscow to discuss working conditions for journalists. On May 3, the Soviets gave grudging approval to this idea. In the meantime, US officials met with a Soviet Ministry of Foreign Affairs press official and discussed wider travel opportunities and greater access by Western journalists to Soviet officials,

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and the Soviet refusal of a visa to a VOA correspondent. Two modest advances in Soviet practice on journalists were noted during the reporting period. A West German TV cameraman was, for the first time, accredited as a journalist, thereby allowing him greater freedom of movement and other advantages. Also, official Soviet permission is no longer needed to export films and tape recordings. It appears that journalists over a period of time simply no longer bothered to submit these materials for approval, and the Soviets did not complain.

Reciprocal issuance of multiple-entry visas for journalists by the US and the GDR has been held up by GDR refusal to accredit American correspondents stationed in Bonn and West Berlin. We consider this to be an unreasonable limitation on the activities of US journalists. There were mixed results on visa issuances to American journalists by Czechoslovakia. One American newsman was denied a visa to cover the Czechoslovak Communist Party Congress; however, three other US journalists, previously denied visas, were let in during the reporting period.

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American journalists familiar with Czechoslovakia believe that the general situation there for Western newsmen remains unchanged or has worsened since Helsinki. Our embassies in other Eastern capitals report that American journalists have obtained visas and visited the countries in question without difficulty.

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D. COOPERATION IN HUMANITARIAN AND OTHER FIELDS.

3. Cooperation and Exchanges in the Field of Culture.

4. Cooperation and Exchanges in the Field of Education.

The cultural and educational provisions of the Final Act continued during the reporting period to be less controversial than the sections of Basket III covering Human Contacts and Information, though (as noted below) they are not totally immune to politicization. Implementation for the most part has been absorbed into bilateral exchange programs and multilateral programs developed prior to the CSCE. Progress towards implementation of these Basket III provisions continued the previous trend of gradually expanding East-West cultural and educational relations. As in the past, broader implementation of the cultural and educational sections of the Final Act is limited by ideological differences, national interests and availability of funds.

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Some developments during the reporting period were positive. On February 27, talks on a US-Czechoslovak bilateral agreement on cultural, scientific and technical exchanges, suspended in early 1974 due to the initiation of negotiations over claims settlements, were resumed in Prague. Negotiations on similar bilateral exchange agreements, noted in the last Quarterly Report, are also proceeding with Hungary and Bulgaria.

Within the framework of the US-Soviet exchange agreement, the first seminar with the Soviets on higher education - focusing on selection and guidance of students and comparison of degrees - was held March 15-17 at the Educational Testing Service (ETS) in Princeton, New Jersey. Participants agreed to hold a second seminar on higher education in Moscow in the fall.

Bilateral talks were held with Romania and Poland, February 11-12 and March 2-3, respectively, on the status of exchanges. Begun in 1974, the third round of informal cultural/information talks with Polish officials touched upon a variety of topics ranging from education, publishing and textbooks, to films, TV, and the sister cities program.

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Such talks have proved to be a useful mechanism for reviewing cultural and educational affairs in lieu of a formal cultural exchange agreement. During the mid-term review talks with Romania, attention centered on the administrative difficulties the US has encountered in implementing the existing US-Romanian exchanges agreement. Despite these problems, which remain far from resolved, the fact that Deputy Foreign Minister Vasili Gliga was designated to head this delegation indicates the importance that Romania attaches to the 1974 exchanges agreement.

As a result of a seminar held last November, the Association of American Publishers has formulated, and the Government Advisory Committee on International Book and Library Programs has endorsed, a set of proposals for implementing, with limited expenditure of public or private funds, certain information and cultural provisions of the Final Act. The feasibility of implementing the publishers' recommendations - which include reinstitution of the Informational Media Guaranty Program, establishment of an American Bookstore in Moscow, seminars

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on publishing and bookselling, and exchanges of publishing and library personnel - was discussed recently at a meeting of representatives from the public and private sectors at the Department of State.

At the same time, there were some negative developments during the reporting period. Noting that US journalists had visited dissidents and had written highly critical articles on the USSR, the Soviet Committee on Youth Organizations (CYO) informed the American Council of Young Political Leaders (ACYPL) that it was terminating the young journalists exchange program initiated two years ago. However, the CYO also indicated it plans to continue its participation in the young political leaders exchange program which may include young journalists. Because of reduced funding for their programs, the ACYPL was agreeable to dropping the young journalists exchange.

The Soviets and their Allies have attempted to distort agreed provisions of the CSCE through draft resolutions introduced in the UNESCO framework relating to the work of UNESCO in implementing the provisions of the CSCE Final Act. These attempts have thus far been effectively countered by joint Western efforts. In a separate UNESCO project several communist and non-aligned states have been drafting a resolution on

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working conditions for journalists. The most recent versions have ignored the basic foundation of a free press, as well as the East-West compromises on this subject arrived at in the CSCE, to such an extent that the Western nations have indicated they will no longer participate in the drafting process.

The Soviets also appear to have been behind a move to bar US and Canadian participation in the Conference of European University Rectors (CRE) held in Trieste, Italy, May 27-29. In response, we consulted with our NATO Allies and indicated to the Council of Rectors that if the Trieste meeting was intended to focus on implementation of the CSCE, we would expect equivalent US groups or individuals to receive treatment equal to that accorded groups from other CSCE signatory states. Taking similar positions, France, the FRG, the UK, and Canada decided not to send official representatives to this CRE conference.

From a broader perspective, a basic substantive obstacle to further implementation remains the East's reluctance to facilitate greater access and direct

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contacts in the development of cultural and educational programs. Citing their ideological responsibility to protect "socialist culture" from "bourgeois" tendencies, Eastern governments, except Poland, continue to regulate contacts with the West through central control mechanisms. The East has recently in some instances slightly modified its insistence on total bureaucratic regulation, and the Soviet trend appears to be to seek some direct contacts. The US Embassy in Moscow, for example, is now able to approach many Soviet institutions without going through a maze of official coordination channels. Moreover, officials of the Soviet Ministry of Higher Education as well as Moscow and Leningrad Universities have been seeking to establish direct exchanges between US universities and their Soviet counterparts.

While such developments are encouraging, they nevertheless remain limited. Direct efforts to broaden points of access and facilitate direct contacts are still viewed suspiciously and are often countered with charges of Western interference in internal

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affairs. Experience has shown that a more natural, if slower way to achieve our goals is through the long-term "ripple effect" of existing programs, whereby contacts initiated through government-to-government programs evolve into long-standing institutional, professional and personal relationships. This "ripple effect" generates pressure on Eastern governments from their own people and institutions for more exchanges, thus gradually moving implementation closer to our fundamental freer movement approach that people rather than governments should determine cultural and educational relationships.

A second positive trend - albeit halting, as in the case of access and direct contacts - is the gradual diversification of activities within existing cultural and educational programs. The East, quite naturally, has emphasized exchanges in areas which promise to augment its economic development and/or are ideologically "safe". For our part, we have been urging a better balance in academic exchanges between the physical sciences and the social sciences and humanities. Thus in addition to the traditional fields of history,

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literature and language, the US is making efforts to include other disciplines - particularly in the social sciences - in exchanges. While progress in this direction has been spotty, in part because most US applicants for the programs are from the "traditional" fields, there have been some positive results.

Another factor affecting US implementation of the Final Act provisions on culture and education is the availability of funding. To help offset the partial loss of Ford Foundation funding, the Department of State agreed during the reporting period to increase its grant to the International Research and Exchanges Program (IREX) from \$615,000 to \$875,000 in FY 76 to support academic exchanges with the USSR. While this increase is causing a severe financial strain and is forcing the Department to make some difficult decisions affecting other programs with the Eastern European countries, funds exist to maintain essential programs at an adequate level in all countries. There will, however be no room for growth in FY 77 except in Hungary, Bulgaria and Czechoslovakia where rather modest programs will be expanded. Moreover, this problem will be aggravated further in FY 77 when IREX loses another \$200,000 of its Ford Foundation funding.

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In view of the funding and other factors, our approach has been to establish whether a specific subject or idea is of interest to us, and then to see if the CSCE language can be used to obtain what we want. The US has not undertaken cultural and educational exchange activities simply because of CSCE; there has to be a specific US interest in specific projects. At the same time we have been mindful of the Belgrade follow-up meetings and the need to present and defend a positive implementation record. On this latter score, the East - as noted in the last Quarterly Report - has taken the offensive. Citing what has now become a statistical litany of the imbalances between East and West in the circulation of cultural and educational materials (e.g. books, films, etc.), the USSR and its allies have pressed for acceptance of the principle of "reciprocity" with the concomitant aim of deflecting criticism of Soviet and Eastern European implementation on more sensitive freer movement provisions of Basket III. In parrying this offensive, we have maintained close consultations with our NATO Allies and have coordinated our responses

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with the Allies so that the fundamental Western free movement principle is not obscured by the East's statistical polemics.

Along this line, normal US bilateral consultations with allies and neutrals were supplemented during the reporting period by a meeting in Washington of NATO's East-West Contacts Working Group to discuss cultural and educational exchanges, March 22-24. Such consultations have proven to be extremely valuable, not only in helping to coordinate positions, but in providing an opportunity to share experiences and develop mutually supportive programs.

Set out below are specific examples of activities in the educational and cultural fields covered by Basket III.

3. Cooperation and Exchanges in the Field of Culture.

While most activities related to the cultural provisions of the Final Act are carried out through bilateral agreements, multilateral fora also have enacted programs to encourage implementation. During the reporting

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period, the Finnish National Commission for UNESCO issued, with the support of UNESCO, invitations to experts from all National Commissions of the European Region for a symposium August 27-28 on the principles and form of international cultural cooperation. Other ongoing UNESCO activities include studies on setting up a cultural data bank, exchanges of information about cultural festivals, encouraging cooperation in the protection of artistic works and sites of cultural interest, and international training courses for specialists.

Bilaterally, the USSR continues to be the United States' largest exchanges partner in the East. The Soviet Exhibit, "Scientific Siberia," continued its visit to the US, being shown in Fort Worth and Salt Lake City during the reporting period. In addition to its scheduled future stops in Seattle and Chicago, the Soviets have requested and we have agreed to extend the exhibit to three additional American cities in the latter half of 1976. Contracts for two American exhibits - "Photography USA", to be shown in three Soviet cities in the latter half of 1976, and a special Bicentennial

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Exhibit, to be shown in Moscow, November 12 - December 13, 1976 - were signed April 20. Unfortunately, however, the exchange of young students in the performing arts with the Soviets is not progressing so well. Since agreed to in 1972, we have been able to place only two Americans in the USSR under this program.

The Soviets have recently accepted a jazz band from North Texas State University for a tour in June and July. The Don Cossacks of Rostov dance troupe completed a two-month tour of the US in April. In other cultural areas, the Soviets have been critical of the American film sector -- despite the recent awarding of an Oscar to the Soviet movie "Dersu Uzala", as best foreign film, and the American Film Institute's sponsoring of a festival of Soviet classic films at the Kennedy Center during March and April. In particular the Soviets charge the Motion Picture Association of America with halting the distribution of Soviet films in the US and blocking American participation in the Sixth Moscow International festival. Such charges dovetail with the broader Soviet statistical

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offensive on Basket III implementation which has recently been summarized in a 62-page pamphlet entitled "The Truth about Culture Exchange."

In the publishing field, the chairman of the US Government Advisory Committee on International Book and Library Programs reports that efforts at cooperation are making steady, albeit slow, progress. This spring the Association of American Publishers hosted a delegation of Soviet publishers and copyright agency personnel in a prelude to the US-USSR seminar on publishing tentatively scheduled to be held in Moscow this fall. The American Library Association (ALA), which planned to send a delegation to the USSR this spring in return for the Soviet librarian delegation which visited the US last fall, has had to defer the trip, due to Department of State budgetary constraints, until this fall. The ALA, which is showing renewed interest in international exchanges, has proposed future discussions with the Soviets in the areas of library planning, service to ethnic and minority groups, and training library personnel. A related development was the Binational Literature Symposium held at Indiana University, April 8-11.

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An exhibit of paintings from six US museums opened in Leningrad in February. This exhibit will tour the Soviet Union in exchange for the exhibit of European and Russian Masters from the Hermitage and Russian State Museum which concluded its tour of the US during the reporting period. This exchange was arranged privately by the Armand Hammer Foundation, as was an exhibition of paintings by the Soviet artist Nikolai Feshin which also toured the US during the reporting period.

In Eastern Europe, the development of cultural relations continues. An indication of the scope for further exchanges is the fifty percent increase in the number of East European applicants for the American Council of Learned Societies American Studies Program for 1976-77 over the previous high of forty applicants. Another general indicator in this regard was the positive reception during the reporting period of Sister Cities International officials in their visits to Hungary, Poland, Romania and Yugoslavia.

On a country by country basis, Iowa University Press published the first collection in English of

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works by contemporary Bulgarian poets. A Bulgarian publishing house, in turn, is preparing a collection entitled Modern American and English Poetry. Hungary for the first time has nominated ten candidates for individual International Visitors grants, and is also displaying increased receptivity to American visitors sponsored by USIA and the Department of State. In addition to the cultural/information talks in March, the Department of State discussed with the president of the Polish Authors Association the possibility of using blocked zloty accounts in Poland for exchanges of US and Polish writers. There have, however, been no recent developments on this.

In the GDR, cultural as well as academic exchanges continue to be essentially a one-way street and American publications remain unavailable to local nationals, except through restricted libraries and controlled subscriptions. The number of commercial US films shown, however, has increased in the past few months (though titles appear to be selected on the basis of critical content toward US or Western society). This development coincides with the assessment

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of Dr. Heinz Kosim of the GDR Institute for Politics and Economics that the upper echelons of the party strongly opposed easing of the policy on printed information, but would concentrate instead on bringing in more Western films. Along this line and in return for the GDR film retrospective sponsored by the New York Museum of Modern Art last December, the US has proposed a retrospective showing of US films in the GDR. As yet, however, we have received no response to this offer.

During the reporting period, the US also planned, with apparent GDR approval, to show a US exhibit on Working America at the March Leipzig Trade Fair. The GDR at the last minute balked on a thematic rather than trade exhibit, and only after the US noted that the denial of the exhibit was not in keeping with the provisions of the CSCE, and that under the circumstances we would not be represented at the Leipzig Fair at all, did the GDR agree to the Working America Exhibit. The exhibit proved very successful and we have been invited to sponsor another such exhibit at next year's Leipzig Fair.

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While the Romanians remain interested in maintaining cultural and scientific exchanges with us at current levels, for various reasons -- including a strong emphasis on the applied sciences and concern over potential defections -- it has become increasingly difficult in recent months for Romanians nominated for the various programs to receive passports. As a result of these and other difficulties, American institutions have become increasingly reluctant to involve themselves in exchanges with Romania.

4. Cooperation and Exchanges in the Field of Education.

As with cultural programs, developments in educational exchanges during the reporting period centered on relations with the USSR. In addition to the first US-USSR seminar on higher education, a six-person Soviet delegation came to visit the Educational Resources Information Center, and to study US education information in general. During their visit, this Soviet delegation noted the USSR Ministry of Education's interest in developing a summer language training program for teachers.

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of English and Russian at the secondary school level. (The present bilateral US-USSR agreement encompasses a language program in both secondary and higher education.) Another positive development has been the establishment at Moscow University of a council and what in effect will be a center of American Studies. In addition to sponsoring a series of special courses on American economics, geography, history and law, the university plans in October to conduct a conference of American studies specialists devoted to the bicentennial, and to publish a journal entitled "Problems in American Studies".

From the US side, Temple University has proposed an in-service teacher education exchange with the Soviet Ministry of Education. In response, the Soviets have agreed to send a delegation this fall to observe programs in this area at Temple University. The Soviets have also accepted the first American Fulbright lecturer at Minsk who will teach physics at the Byelorussian Polytechnic Institute. In the area of broader access and contacts, several American universities or groups of universities have proposed during the reporting period

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to establish direct exchanges with their Soviet counterparts. Finally, the National Academy of Sciences is moving ahead to send 10-12 American psychologists to visit the Institute of Psychology of the Soviet Academy of Sciences this summer to discuss plans for a series of joint seminars on scientific research to be held over the next several years.

In Eastern Europe, educational exchange programs continued during the reporting period to be augmented by the US Fulbright and American Specialists programs. In addition, a delegation of eleven US state school officers visited Poland, April 3-7, and Willamette University in Salem, Oregon, reached an agreement with Zagreb University to send 25 students for a two-month program in Yugoslavia this fall.

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E. FOLLOW UP TO THE CONFERENCE.

There will be two follow-up meetings in Belgrade in 1977. The first, to begin June 15, 1977, is preparatory in nature and will decide on the date, duration, agenda and other details related to the second meeting, which is to be held at the senior-official level before the end of 1977. The Final Act suggests a broad agenda for the second meeting: a review of implementation; possible new substantive proposals; continuation of contacts with the Mediterranean littoral states; and modalities for further follow-up arrangements.

Diplomatic activity related to the follow-up meetings intensified during the reporting period. The Yugoslavs, who will host the meetings, began consultations on preparations by calling together in Belgrade local diplomatic representatives from neutral and non-aligned CSCE countries on March 3. Representatives from Austria, Sweden, Switzerland and Finland, the four most significant CSCE neutral states, met in Helsinki on April 29-30 to discuss the follow-up meetings; another

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such meeting is scheduled for October in Vienna. Special Soviet emissaries have visited neutral and other CSCE states to make known their government's views on CSCE and the follow-up arrangements. Additionally, the Romanians have been particularly active in consulting with states on CSCE.

At a CSCE experts meeting held at NATO in March, the question of the follow-up meetings was discussed; a similar Allied meeting is scheduled for the fall. At a March 29 North Atlantic Council meeting on East-West relations, the Counselor of the State Department suggested that Ministers should address the follow-up meetings in a preliminary way at the Oslo NATO Ministerial meeting on May 20-21. Most Allies agree that we should begin our preparations in order to shape the Belgrade meetings to meet Western objectives.

Broad indications of Eastern, neutral and Western positions on the follow-up meetings are emerging. The communists appear to favor brief meetings that would reaffirm the value of the CSCE and would not dwell on the question of a review of implementation. The neutrals

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envise relatively long meetings at which new proposals might be made and East-West recriminations on implementation should be avoided. The US and NATO Allies tend to stress the need to review implementation at Belgrade and are developing ideas on other aspects of the follow-up meetings.

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